

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 99-111

August 16, 2001

MAINE PUBLIC UTILITIES COMMISSION
Standard Offer Bidding Procedure

ORDER REGARDING
STANDARD OFFER
OVERCOLLECTIONS

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

I. SUMMARY

Through this Order, we decide to take no action at this time regarding Central Maine Power Company's (CMP) medium and large standard offer class overcollections that occurred during the first standard offer period.

II. BACKGROUND

On May 8, 2001, CMP filed schedules that detail standard offer related transactions during the first standard offer period (March 1, 2000 through February 28, 2001). CMP reported that the net result of these transactions is an estimated overcollection of \$0.7 million for the medium standard offer class and \$1.9 million for the large class. In its filing, CMP recommended that these balances be rolled over into the reconciliation balance for the second standard offer period (beginning March 1, 2001).

On May 25, 2001, the Industrial Energy Consumer Group (IECG) filed an objection, stating that the overcollection should be refunded to those customers who had been on the standard offer during the first standard offer period. The IECG argued that in light of the burden of high electricity costs on customers, the overcollections, as a matter of equity, should be returned to these customers who had paid them.

On June 5, 2001, CMP responded by stating that there would be a tremendous administrative burden and corresponding cost to identify the affected customers and quantify the appropriate refund. CMP also states that IECG's proposed treatment is inconsistent with prior IECG statements in this proceeding when cost increases were at issue. At that time, CMP notes that the IECG questioned the Commission's legal authority to direct CMP to refund amounts to individual customers. Finally, CMP argues that its proposal to roll the balances forward meets the main objective the IECG identified in its comments in that the approach will mitigate future rate increases.

III. DISCUSSION

We will not take any action regarding the CMP overcollections at this time. The overcollection amounts represent approximately 1% to 2% of the total standard offer

costs for the relevant classes. Balances in this range (either positive or negative) are expected and it is sensible to maintain the current positive balances as a cushion against similar levels of negative balances that may occur during the current standard offer period. Moreover, ICAP issues remain unresolved and we are therefore reluctant to return overcollections related to the first standard offer period while there remains some possibility that additional costs may be assessed that relate to that period.

The IECG proposal to provide a refund to customers who took standard offer service at any point during the first standard offer period also concerns us because such action would in essence constitute a reduction of standard offer prices. We have stated on several occasions that, once standard offer prices for a specified period are established, we would not act to reduce those prices. To do so, in our view, would undercut efforts by marketers to compete against the standard offer. *Order Establishing Standard Offer Prices for the Large Non-Residential Class in Bangor Hydro-Electric Company's Service Territory*, Docket No. 2000-808 at 2 (Feb. 27, 2001); *Order*, Docket No. 99-111 at 4 (Dec. 3, 1999)

A final consideration is the administrative difficulty and cost involved in identifying customers who took standard offer service for any amount of time during the first standard offer period and calculating individual customer refunds. We recognized this difficulty in our prior decision not to raise standard offer prices to reflect projected increases in ICAP costs resulting from a FERC decision while appeals of that decision were pending. *Order Amending Standard Offer Prices for Central Maine Power Company's Medium and Large Non-Residential Customers (Part II)*, Docket No. 99-111 at 3 (Dec. 22, 2000). We stated our concern that if we were to raise prices and the FERC decision were later reversed, substantial administrative difficulty and cost could prevent individual customer refunds.

For these reasons, we will not order a refund of the overcollections at this time and will defer any decision on the future treatment of the standard offer balances until the conclusion of the current standard offer period.

Dated at Augusta, Maine, this 16th day of August, 2001.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
Nugent
Diamond

NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

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